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OFFICE CHIEF OF STAFF  
MIL. INTEL. DIV.

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JUN 26 57-L-114 1932

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G-2 Report

ARGENTINA (Population 6,000,000)

Subject: Principal Newspapers and Important Periodicals.

(a) Domestic Press:

Under the heading of "Disarmament, Real or Fictitious", the newspaper "La Razon" recently published the photograph, copy of which is attached, together with the following content:

"While the Disarmament Committee of the League of Nations meets at Geneva, the British manufacturers of arms are working day and night to be able to fulfill their contracts with numerous countries which have placed orders with them for cannons. The above photograph shows a view of one of the British works with an array of light cannon, ready for delivery."

That "La Razon" should have published this photograph has been criticized by an organ of the British community here - "The Standard", which hastened to explain the origin of the photograph as follows:

"This photograph was originally published in France with the propagandist object of throwing doubt on the sincerity of the British proposals at the Disarmament Conference. Its publication caused some indignation in Britain, as it was proved conclusively that it was taken during the Great War in a British armament factory. One of the largest London illustrated weeklies republished it, with a very concise explanation of its origin, and no more was heard of it."

The Standard then goes on to criticize La Razon -

"From what source 'La Razon' obtained the photograph, we do not pretend, of course, to know, but it seems regrettable that a newspaper, which is widely known and respected for its moderate and 'fair play' methods, should have displayed it boldly in its columns with a caption and context so misleading and provocative of misunderstanding. That it should have been published on the very eve of the resumption of the Conference is even more to be regretted."

*W. H. Fleming*  
From M.I. Argentina Report No. 4565

May 6, 1932.

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CHIEF OF STAFF  
MIL. INTELL. DIV.

1932

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G-2 Report

ARGENTINA (Political)

Subject: Foreign Relations

(a) Status of Relations with Foreign Countries.

In various reports in the past, we have made mention of the strained feelings existing between Argentina and Uruguay with regard to the latter's attitude towards Argentine political exiles. Nevertheless, the news dispatch received on July 14th from Montevideo to the effect that the Uruguayan Government had decided to break off diplomatic relations with Argentina came as a bombshell to the great majority of people. It would appear as if the movement were purely a governmental affair with little or no popular backing, there having been no demonstrations or disturbances of note recorded.

The Uruguayan motive for the severance of diplomatic relations with Argentina is an alleged affront to the Uruguayan flag on the occasion of the visit of the cruiser "Uruguay" to this country in connection with the 9th of July Independence Day festivities. A summary of the events from the Uruguayan standpoint as outlined in the Press is as follows:

"When the cruiser 'Uruguay' was about to sail for Buenos Aires, Captain Eduardo Saez of the Uruguayan Navy presented himself on board accompanied by the former officer of the Argentine Army, General Severo Toranzo. The latter expressed to the Commander of the vessel, Captain Rodolfo Hernandez, his desire to greet him before he left, in view of the fact that he, Captain Hernandez, was going to General Toranzo's country on the occasion of the anniversary of the Nation's Independence."

"General Toranzo only remained on board about ten minutes, changing immediately to the vessel - 'Capitan Miranda', also of the Uruguayan Navy, accompanied by Captain Saez, and the Sub-Director of the Navy, Captain Gomensoro. The 'Capitan Miranda' was anchored close to the 'Uruguay', which immediately hove its anchor and made ready for departure."

"Employees of the Argentine police which are keeping General Toranzo under vigilance had followed him to the port, seeing him board the cruiser Uruguay, which sailed almost immediately, but he was not seen to land. The employees made haste to report the matter to the Argentine Ambassador, Dr. Cantilo, advising him that Toranzo was on board the Uruguayan man-of-war. Dr. Cantilo made inquiries at the Uruguayan Ministry of Foreign Affairs, where he was informed that his news was not correct, for General Toranzo was still at Montevideo, as could easily be ascertained."

"Notwithstanding the above, the Uruguayan Government sent a radiogram to Captain Hernandez, asking him for an explanation of the events, to which the Commander

Office of M.A.-Argentina Report No. 4594 July 20, 1932.

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of the Uruguay replied relating the story as set out. Despite the Uruguayan Government's statement, the Argentine Government continued to believe that Toranzo was on board the Uruguay."

"The night before the 9th, while the vessel was anchored outside the port awaiting the holiday before entering, she was kept under vigilance all the night by two Argentine scouts, which sailed round the Uruguayan vessel continuously."

"When the cruiser entered port, Captain Hernandez was informed that, instead of mooring at the previously appointed place in the New Port, he would have to do so at the pier of the Naval Arsenal. When the Commander and officers of the Uruguayan vessel landed at the Arsenal, they found themselves surrounded by a legion of employees of the Argentine secret police. Furthermore, during their stay in Buenos Aires, the Commander and officers were kept under continuous watch."

"President Terra considers it inconceivable that the Argentine Government can have believed, even for one moment that on an Uruguayan man-of-war, sent expressly to Buenos Aires on the occasion of the Argentine anniversary, at great cost to the National Treasury, General Toranzo could have traveled. The attitude adopted towards the cruiser is considered as affecting in a high degree the dignity and sovereignty of the Uruguayan Republic, especially after Dr. Cantilo, the Argentine Ambassador, had been given a definite assurance that General Toranzo was not only not on board, but was still in Montevideo, as he could easily ascertain."

In the Argentine Ministry of Foreign Affairs, it is felt that the cause of the rupture is not well founded, and that Uruguay has followed an unusual method of procedure: the practice in international official relations in a case of this kind would have required that Uruguay place a claim before the Argentine Government, or request an explanation of the incident.

In an official communique supplementing the decree breaking off diplomatic relations, it is pointed out that the rupture took place at a time when the Uruguayan Government might have expected a formal claim from the Argentine Government for the unfriendly act entailed in the reception on board the vessel of war which was coming to Buenos Aires, of an ex-officer of the Argentine Army, accused of subversive attempts against his country.

'ice of M.A.Argentina Report No.4594 July 20,1932.

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## ARGENTINA (Political)

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(a) Status of Relations with Foreign Countries.

The communique then goes on to explain Argentina's attitude and action in the affair as follows:

"The Argentine Government was advised that, at the moment when the cruiser 'Uruguay' was about to leave for Buenos Aires, a former Argentine Officer, a fugitive from his country, boarded the vessel, and was received by its officers in the Commander's cabin, toasts being exchanged."

"The Argentine Government, in the face of such an unusual circumstance, considered that the matter should be laid before the Uruguayan Government, which could not be supposed to be in agreement with the attitude of the officers of the cruiser Uruguay and the maritime authorities. In view of this, the Argentine Ambassador in Montevideo was instructed to interview President Terra and communicate to him this information, which was totally confirmed by the Uruguayan authorities. In effect, complying with orders issued by President Terra, the maritime Commander, Sr. Gomensoro, and the Captain of the Port, Sr. Baldomir, advised the Ambassador that it was true that the former Argentine officer had been on board the Uruguay, after which he had passed on to the vessel 'Capitan Miranda', also belonging to the Uruguayan Government, and that he then landed accompanied by the Maritime Commander."

The subsequent measures taken by the Argentine Government with regard to the Uruguayan cruiser itself, which were interpreted by the Uruguayan Government as watchfulness and spying, are explained in the communique as acts of deference and port courtesies on the part of the Argentine Government towards the visitors, and that, therefore, they should not have been interpreted as precautionary measures.

While existing conditions between Argentina and Uruguay remain the same, the British Government has taken over the protection of Argentine interests in Uruguay, acting in the same capacity as the United States Government with reference to Uruguayan interests in Argentina.

At the present time, it seems to be the general opinion that Uruguay has acted extremely unwisely and hastily in breaking off diplomatic relations with Argentina. In fact, the Uruguayan Minister of Foreign Affairs, Dr. Juan Carlos Blanco, who might be described as the leading figure in the dispute, has met with opposition from both Chambers of the Uruguayan Government, and with the opposition of a large section of the Uruguayan Press for his hasty action in severing relations.

Office of M.A.Argentina Report No.4594 July 20,1932.

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In an interpellation of the Minister at a secret session of the Chamber of Deputies, he gave as one of the reasons leading to a final rupture, the offensive tone of various notes written by the Argentine Ambassador, Dr. Jose Maria Cantilo, to the Ministry regarding certain Argentine political exiles. The notes in question refer to ex-Lieut. Col. Gregorio Pomar of the Argentine Army and the Kennedy Brothers. (See our Reports Nos. 4406 and 4487). These exiles have been living at Salto, Uruguay, and have continued to engage in subversive activities against Argentina. Through their Ambassador, Dr. Cantilo, the Argentine Government had requested in these letters that the exiles be transferred to the interior of the country, where they could do less harm than on the border.

To refute the allegations of the Minister, Dr. Cantilo obtained permission from the Argentine Government to publish these letters. The text as it appears in the papers seems to offer little if any grounds for offense.

Although it is difficult at this time to anticipate any results, both Argentine and Uruguayan official circles are hopeful that there will be a speedy solution to the dispute. It is considered probable that the Uruguayan Minister, Dr. Blanco, will resign, which would open the way for subsequent negotiations.

As regards the offers of mediation which have been made by the United States, Columbia, Brazil and Spain, no official statement of acceptance has been issued from the Argentine Ministry of Foreign Affairs as yet. It is thought that Argentina will look to Uruguay to take the first steps in settling the present dispute.

Office of M.A. Argentina      Report No. 4594      July 20, 1932.

*Victoria L. Julia*  
Clerk

G-2 Report

3850

ARGENTINA (Political)

Subject: Foreign Relations

1932

(e) Status of Relations with Foreign Countries

As mentioned in Report No. 4594 of July 20, 1932, the severed relations between Argentina and Uruguay were not destined to be of long standing. On September 12th, it was officially announced that the negotiations between the two countries had been successfully consummated. It is believed that the promptness with which these negotiations were carried out was due in great part to the lack of congressional as well as popular support given to the severance measures.

Efforts were made by our Ambassador here and our Minister in Uruguay to effect an early settlement. It was suggested that the U.S. Coast Guard boats then in the port of Montevideo be used as a meeting place for the Ministers of Foreign Affairs of both countries; That these boats should be anchored in mid-stream of the River Plate. This was agreed to by the Uruguayan Minister of Foreign Affairs. This information was immediately communicated to our Ambassador here who apparently was under the impression that Sr. Saavedra Lamas, Argentine Minister of Foreign Affairs, had also agreed to meet in mid-stream. Our Ambassador went to confer with the Minister about this meeting. Sr. Saavedra Lamas absolutely refused to meet the Minister of Foreign Affairs of Uruguay. However, after some diplomatic arrangements were consummated, Uruguay took the initiative and Dr. Juan Jose de Amezaga was appointed its confidential agent; Dr. Amezaga is a well known Uruguayan public man, former Uruguayan Ambassador to Argentina, holding at various times important government positions, including a seat in the Chamber of Deputies.

On September 12th Dr. Amezaga addressed a note to the Argentine Minister of Foreign Affairs in which he stated that Uruguay felt that, in view of the friendly feelings that had been expressed by it and accepted by Argentina, the events connected with the cruiser "Uruguay" had not had sufficient weight to prevent renewal of diplomatic relations, and were not of such a character as was first attributed to them.

Simultaneous decrees by both countries were issued for the resumption of diplomatic relations; at the same time it was stated by the Argentine Minister of Foreign Affairs, Dr. Saavedra Lamas, that Argentina was convinced that mutual advantages would accrue to each country from an early settlement of the affair and from the reestablishment of friendly relations.

It is an interesting sidelight that Señor Juan Carlos Blanco, Uruguayan Minister of Foreign Affairs, was a bitter enemy of both Señor Jose M. Cantilo, Ambassador to Uruguay from Argentina, as well as Dr. Lionel Aguirre, Uruguayan Minister to Argentina. Señor

From M.A. Argentina Report No. 4617 November 25, 1932.

## ARGENTINA (Political)

Subject: Foreign Relations

(a) Status of Relations with Foreign Countries.

Blanco desired to get rid of the former from his capital city and to retire the latter from the service on account of an old breach on the part of Doctor Aguirre during the recent Argentine Revolution - Dr. Aguirre harboured the Minister of Foreign Affairs under the Irigoyenist Government, Sr. Horacio Oyhanarte, in the Ministry of Uruguay.

The two decrees which reestablished diplomatic relations were practically identical, to wit: To reestablish diplomatic relations and to consider the respective ambassadors reinstated. Señor Blanco's efforts to rid his capital of Señor Cantilo and dispose of Dr. Aguirre were thus thwarted, as both were returned to their former posts.

President Terra of Uruguay, in order to thwart Congress and to protect himself, would not allow Señor Blanco to resign as his Minister of Foreign Affairs, for this would have been an admission of guilt on his part, and an admission that Uruguay was in the wrong.

There is no doubt but that the resumption of diplomatic relations between the two countries has met with great public satisfaction.

*Frederick S. Sharp*  
From M.A. Argentina

Report No. 4617

November 25, 1932.

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M.L. NIEL, JR.

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WAR DEPARTMENT

G-2 Report

ARGENTINA (Political)

Subject: Present Executive and Cabinet.

(b) Present Cabinet.

RECEIVED JUL 14 1933

The following is a brief outline of the policies and work of the members of President Justo's Cabinet to date, with the exception of the Ministries of War and Marine. These latter departments are covered in full in the combat estimate now being prepared.

During the period February 1932 to date, the Government has counted almost since the beginning with the support of the newspaper "La Prensa" which is believed is an asset of great value to President Justo, owing to its well known independent character and the soundness of its policies, which are even sometimes qualified as old-fashioned. The "La Prensa" support has been especially noticeable in matters concerning finance, and it may be said that Minister Hueyo's ideas have been able to be carried through successfully, owing in great measure to the favorable publicity and support given them by "La Prensa."

Ministry of Finance - Dr. Alberto Hueyo:

Dr. Hueyo's background was that of a business man, who had inherited a large interest from his father and who had devoted himself to enlarging those interests in a conservative and able manner. He is strictly non-politician, and since he was practically unknown in administrative circles his nomination to the most delicate functions of this Ministry was received with a great deal of scepticism. Dr. Hueyo did not seem particularly strong at the time and he had therefore to contend with much opposition in the Congress, in the press (with the exception of "La Prensa") and even within the Cabinet, but being a man of strong ideas and having, in spite of this opposition, the all important and continued support of the President, he has been able not only to dissipate much of the opposition then current, but has considerably strengthened his position and his reputation.

The outstanding note of this Ministry has been the unswerving policy of continuing at all costs in its entirety the service of the external and internal debt. This has been achieved in spite of general opposition. Pressure was brought to bear at the time the present year's Budget was discussed in Congress, when a reduction of \$50,000,000 m/n was voted in the total amount set aside for payment of such services. In spite of these recommendations, Dr. Hueyo has not carried through this clause, and in presenting the case some weeks ago to the legislature, he made a strong appeal to enable him to carry out this policy of compliance, with foreign contracts especially.

The Budget for 1933 has been balanced on paper, but it seems likely that it will also be balanced in practice or else carry a comparatively insignificant deficit. This opinion is borne out by the fact that customs receipts have been increasing slightly and are ahead of the expected

From M.A. Argentina

Report No. 4696

June 14, 1933.

## ARGENTINA (Political)

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(b) Present Cabinet.

average. Furthermore, income from taxation, which was expected to be dull, has been coming in very satisfactorily. If this is kept up, and there are satisfactory indications to that effect, Dr. Hueyo will have achieved a balanced Budget, which will be exceptional, in view of the fact that such an event has not taken place in the Argentine for at least ten years.

Expenses have been cut carefully in regard to salaries, in view of the existing unemployment problem. The practical step in this direction is the non-replacement of public employees who are discharged or otherwise leave the service.

The Patriotic Loan was not the success it was expected to be, but nevertheless, it is understood that over \$300,000,000 m/n in bonds were placed on the market. The initiative permitted the Executive to liquidate a number of local past due obligations and to bring Government administration salaries up to date. No new issues are contemplated in order not to disturb the local security market, which is generally believed to have reached a limit under present conditions for new issues. Another feature reflecting confidence in the Government is the fact that the Patriotic Bonds are keeping up a higher level in quotations than was generally expected at the time the selling campaign was under way.

Dr. Hueyo, with the support of General Justo, has steadfastly refused to listen to the strong arguments in favor of inflation, his point being that Argentine Currency is sufficiently depreciated as it is. He continues to be confirmed in this point of view and has worn down considerable opposition, although it is not unlikely that during present sessions of Congress, the matter will again be tentatively taken up by the Conservative sector of both Chambers.

There has lately been considerable comment in the local market regarding an alleged offer of a loan of \$40,000,000 gold pesos by the Syndicate of Swiss Banks. It is understood that the offer is made for 33-year Bonds at 6% with the condition that the funds will be used for public works; although the proposal under present conditions does not look genuine or else carries with it unacceptable conditions, Dr. Hueyo has declared that such an offer has been made and that it is being made the subject of a thorough study by the Government. The likelihood is that nothing will ensue.

In short, it may be said that Dr. Hueyo has greatly consolidated his position and that his task in future will be easier in view of slightly improved treasury conditions. There is a possibility that Dr. Hueyo will not

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continue in his present capacity throughout the entire term of office of President Justo, since his private interests call him elsewhere. However, there does not seem to be any likelihood of his relinquishing his position in the near future, and he will probably continue to cooperate with the present Cabinet until general conditions clear up.

Ministry of the Interior - Dr. Leopoldo Melo:

Dr. Melo is an old hand at politics and, after being prominent in the one time solid Radical Party, became one of the leading figures of the Anti-Personalist Radical group, whose tendencies lie about halfway between Radical aspirations and the Conservative Party. He was considered at first to be an element of danger in the present Cabinet in view of his aggressiveness, but since he is an extremely shrewd politician, he has been able to steer General Justo through a number of difficult obstacles. It was at his suggestion that a firm political policy was announced by the President and when trouble appeared to be imminent decided to take energetic measures by dismissing Congress and declaring a state of siege. He has closely followed all movements of a subversive character, both Fascist and Radical, and is responsible at present for indicating a moderate policy to the Government such as was publicly promised by General Justo in his opening message to Congress on May 3rd.

Ministry of Public Works - Dr. Manuel Alvarado:

Owing to conditions which have been current since the Government took office, it has naturally been impossible to make any attempt at increasing expenditure in connection with railroads, highways or similar improvements, without very serious study. The result has been that in this department, Dr. Alvarado has been marking time, the one outstanding initiative being the proposal to Congress of the National Highways Law, which is expected to be voted during the present sessions of Congress, and at an early date. The problem is complicated and the financing not yet clear, inasmuch as a total expenditure program of \$600,000,000 m/n is contemplated for the next twelve years. A provision has already been made for a gasoline tax to provide a large part of the funds required for constructions, but the balance of the payment which requires Government subsidies will in the long run call for further efforts on the part of the taxpayer. The Government has the greatest interest in endeavoring to pass the Highway Bill as soon as possible and begin execution of the works at an early date in order to fight the unemployment situation which, although it has not taken the proportions of the larger industrial countries, is still a social problem of consideration. Prospects for the passing of the Bill are not very bright, and it is

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(b) Present Cabinet

generally thought that there will be a great deal of opposition and amendments made before the whole matter can be satisfactorily thrashed out. Therefore, this will involve in all probability several months' work.

Railroad extension is practically at a standstill, both on the part of British railroads and on that of the State Railways. The latter administration is still running at a deficit and would not be warranted in expending large sums at this time in such initiative.

Ministry of Foreign Affairs - Dr. Carlos Saavedra Lamas:

Dr. Saavedra Lamas is one of the most prominent Argentine international jurists and has carried out his duties to general satisfaction. When the Government took office Dr. Saavedra Lamas was confronted with a delicate situation with Chile and Uruguay; the former owing to a tariff war started by Ibañez and Uriburu and the latter owing to friction arising out of the hospitality given by Uruguayan authorities to Argentine political exiles. The Ministry of Foreign Affairs proceeded to settle the question with Chile by setting up a "modus vivendi", reducing tariff walls on both sides and working towards the reopening of the Transandine Railway. The measures have been received with satisfaction on both sides of the Andes and the relations between the two countries have resumed their former friendly character.

A tolerant policy with regard to Uruguay and a tacit agreement that each should mind its own business has dissipated in this case all signs of animosity which are for ever present and which require a considerable amount of patience and attention.

Dr. Saavedra Lamas was responsible for taking the initiative in conjunction with Chile, Peru and Brazil in offering to set up a Court of Arbitration to settle the differences between Bolivia and Paraguay. Some headway was reported along those lines, but recently a sharp note from Bolivia refusing to tolerate what they chose to call interference and diplomatic pressure has brought a reply from Argentina, Brazil, Chile and Peru to the effect that they would continue to be interested in the conflict but would no longer participate in any gestures of arbitration until Bolivia abandoned her intolerant attitude. The Argentine note was couched in courteous terms and it is not expected that it will affect relations with Bolivia. However, there is a marked tendency in this country to sympathize with the Paraguayan cause, but aside from this there does not seem to be any danger of the Argentine becoming involved directly in the conflict.

## ARGENTINA (Political)

Subject: Present Executive and Cabinet

(b) Present Cabinet.

The sending to Europe of two missions, is the remaining point of interest in the work of this Ministry to date. The Roca Mission, as previously reported, was more of a success from a diplomatic point of view than from a commercial angle. Their travels through France and Spain showed the sympathy with which the Mission was received in Europe, and this is believed to have been due to the selection of Dr. Julio A. Roca to head the mission - an outstanding personality, who was particularly fitted for such a task.

The Ramos Mexia Mission to Italy, according to general opinion, is not likely to meet with such relative success, in view of the fact that the head of the mission was not the right man to send because of his advanced years. As a matter of fact, Dr. Ramos Mexia has already expressed some astonishing personal views which are at distinct variance with the policies of the Argentine Government and has thus created quite an awkward situation.

Ministry of Agriculture - Dr. Antonio Di Tomaso.

Dr. Di Tomaso has for years been identified with the Independent Socialist Party and came into this Government as a concession to the support given President Justo in his presidential campaign by the latter political group. His task has been particularly difficult, owing to extremely unfavorable conditions for the principal industries in this country which come under his control.

The Roca Mission, which was principally intended to safeguard Argentina's agricultural interests, has been successful in reaching what might be called a standstill agreement, which may be considered satisfactory under present conditions in Great Britain.

The Government has had to deal with some agrarian strikes in the Province of Santa Fé, which assumed dangerous proportions towards the beginning of this year. Arbitration by Dr. Di Tomaso and the judicious use of armed forces has settled the conflict and it is expected that congressional measures to alleviate the situation of the farmers by long term financing at low rates of interest will altogether tend to dissipate the unrest.

The Province of Salta has taken into its own hands the petroleum question, which is so vital to the country and to that Province. It has decided that it could come to no satisfactory arrangement with the national petroleum organization and therefore decided to make an agreement with the Standard Oil Company to

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Subject: Present Executive and Cabinet.

(b) Present Cabinet.

exploit the Salta oilfields, with a royalty to the Province. This measure came just before discussion of national legislation on the question and has created considerable alarm among government circles, who have endeavored, it appears successfully, to stop Salta from reaching an independent agreement before the law was passed. Although the agreement with the Standard Oil Company has been passed by both provincial houses of representatives and by the provincial government, it is understood that the transaction has not yet been consummated.

*Frederick S. Sharp*  
From M.A. Argentina

Report No. 4696

June 14, 1933.

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WASHINGTON, D.C.

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G-2 Report

3110

ARGENTINA (Political)

Subject: Present Executive and Cabinet.

(c) Present Executive.

General Augustin P. Justo - Two Years  
as President.

February 20th being the second anniversary of the inauguration of the President, General Augustin P. Justo, a reception was held in the presidential suite in the Casa Rosada, which was attended by the Diplomatic Corps, government officials and a group of distinguished citizens. Upon the appearance of the President at the entrance of the "White Room", he was given a huge ovation, which tends to show the high esteem in which he is held by his colleagues, the diplomatic representatives and the leading citizens of the country.

There is no doubt but that the President's executive ability is developing, or becoming more manifest as the period of his administration lengthens. Although as stated in a previous report he has not done anything outstanding (Report No. 4639), nevertheless he has shown great powers of discernment in surrounding himself with capable men and maintaining the general peace and harmony. While following a stern policy of maintaining law and order, he has simultaneously displayed great patience and tolerance.

General Justo took over the Government under most extraordinary circumstances, which are too well-known to require recitation here.

Although himself a distinguished soldier, the military characteristics of the Provisional Government have under his regime been modified almost to the point of eradication, yet his contacts with the services have been of the most cordial character, since the General has known how to strike a happy medium of devotion to the civil affairs of state and the necessary rapport with the military and naval institutions.

The President's visit to Rio de Janeiro marked the beginning of a new era of sympathy and good will in Argentine - Brazilian relations. As for Argentina's relations with Uruguay, it may safely be said that they have never been more cordial than they are today. Also, Argentina's return to the League of Nations and her negotiation of the various treaties with European nations has been admirable.

From H.A. Argentina Report No. 4859 March 16, 1934.

## ARGENTINA (Political)

Subject: Present Executive and Cabinet.

(a) Present Executive

In the realm of finance and political economy, President Justo has proved his ability and willingness to enlist the services of ministers and department heads from the young bloods of the nation, picking as his helpers men of ability, regardless of political party or affiliation.

It is particularly noticeable that many experimental policies have been tried out and some errors have been committed, while some venturesome innovations have been introduced with results not too good, but this has proved to be less serious than a policy of inertia with nothing tried, nothing gained.

Quite a few of these innovations have proved fairly successful as, for example, the recent debt conversion operations which have resulted in very substantial savings in payment of the internal debt.

Although several subversive plots have been quelled and the political offenders summarily and swiftly dealt with, the political aspect is bright for the present. The national elections have just been completed without any untoward incidents which presupposes a tranquil horizon for the President's third year in office.

Everyone feels that the President has done a remarkably good job in view of the many obstacles which were ahead of him and which he has had to meet from time to time.

*Fredrick A. Sharp*  
From M.A. Argentina  
*Capt USMA*

Report No. 4859 March 16, 1934.

G-2 Report

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RECEIVED  
MIL. INTEL. DIV.  
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WAR DEPARTMENT

ARGENTINA - Political

Subject: Stability of Present Administration.

Cabinet Crisis

A meeting of the Cabinet took place August 4th in President Justo's private house to consider the resignations of Senores Pinedo and Duhau, brought about by the shooting in the Argentine Senate some days before and the consequent threatened resignation of Dr. Melo, the Minister of Interior. Reports were issued to the effect that a reconciliation had been effected and that the threatened cabinet crisis was definitely over.

Political peace and unity has been restored, but contacts, whose opinion is of value, are convinced that harmony has been bought at a high price and that the day of political upheaval and reconstruction has only been postponed.

It does not appear that there can be any real reconciliation after the acts of the Ministers of Agriculture and Finance in the Senate and the strongly worded remarks of the Minister of the Interior. The delays necessary to patch up the differences of a temporary peace served to emphasize the fact that the Cabinet is no longer united and that some form of reconstruction must inevitably occur.

There are two undercurrents in the political sea at present which would seem to indicate a change. These are, that any free elections must necessarily lead to a radical victory in the immediate future and a disunited cabinet would necessarily face a hostile body in Congress. The second, for which some Conservatives are responsible, favors a coup d'etat, designed to prevent the Radicals from victory at the polls. Those of this frame of mind do not form a majority. However, there is a possibility that should events not soon take a turn for the better, an attempt may be made to seize the reins of government by revolutionary force.

Were civil strife to occur in this country, the consequences would be deplorable. Argentina needs a period of tranquility and internal peace. A political upheaval of this kind would absolutely destroy such prosperity as now exists.

This crisis grew out of the shooting and consequent killing on the floor of the Argentine Senate of Senor Bordabehere, senator-elect from the province of Santa Fe and colleague of Doctor De la Torre, during the interpellation by the Senate of the Ministers of Finance and Agriculture.

The committee of the Senate appointed some months ago to investigate and report upon the operations of the packing companies, presented its reports; a majority and a minority report. The committee consisted of three senators - Senores Landaburu (President), Serry and De la Torre. The first two signed the majority report, while Senator De la Torre the minority report. Both reports contained criticisms of the government's attitude toward the packing companies, but that of Senator De la Torre was particularly critical, involving serious charges against the procedures of the Ministers of Agriculture and Finance.

From: M.A.Argentina

Report No.5194

Date:September 23,1935.

For some years, personal as well as political animosity has existed between De la Torre and the two ministers named. Senator De la Torre made a vituperative and fulminating attack upon the two ministers by citing facts purely circumstantial to support his case. On the other hand, the ministers replied with eloquent arguments and documentary proof. This lasted for the best part of a month. On July 23rd, De la Torre in a rasping speech stated that Dr. Pinedo was both a coward and insolent. After some scuffling on the floor of the Senate between De la Torre and the Minister of Finance, in which Dr. Bordabehere interfered, an ex-police chief shot and killed the latter, wounding another senator and the Minister of Agriculture.

Dr. Melo, the Minister of the Interior, was at Rio Hondo, in the Province of Santiago del Estero, when the above happened and upon notification telegraphed the President of the Republic in the course of which communication he offered his resignation, with a view to permitting the President to reorganize his Cabinet. Dr. Melo disapproved of the conduct and the manner in which the ministers conducted the interpellation, defending the Government before the Senate.

The Ministers of Finance and Agriculture realized the seriousness of the situation created by the tragedy in the Senate and presented their resignations to the President, while the Minister of the Interior submitted his at the same time. The President refused to accept any of them, reiterating his confidence in all three.

In view of the innumerable measures instituted and so well carried out by the Ministers of Finance and Agriculture, it would in all probability have made more intricate the tasks of the new incumbents in endeavoring to carry out the well laid plans of the loan conversion operations, unification of taxes, Central Bank and its appendages, the Meat Board and many others.

It seems that the tranquility has been once more restored and the cabinet unity as of old reestablished, but on the surface only. A blow up may be expected at any time.

Source: Personal contacts and press.

FREDERICK D. SHARP,  
Captain, G.S.,  
Military Attache

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PARTY NAME

G-2 Report

ARGENTINA (Political)

Subject: Local Political Conditions

(b) Current Situations.

THE SAN JUAN ELECTIONS

The national elections took place in San Juan on Sunday, March 11th, when the state of siege was lifted for the occasion and the day passed without any serious incidents. Earlier in the week and following the intervention by the central government, it was rumored that trouble was expected during the time of the elections, to be caused by the Contonistas and Bloquistas.

Admiral I. Galindez, the national intervenor, made a statement to the press that the election was normal in all respects and that nearly 50,000 voters had exercised their rights of franchise.

Precautionary measures were taken on the evening of March 9th to prevent damage to public property, violence to the population and disturbance of the normal order of things. The offices of the Union Telephone Company, the power house of the electric light company, water works and government offices were under heavy guard. Detachments of the 15th Infantry and 1st Mountain Artillery, the latter brought from Mendoza for the occasion, placed machine guns and field pieces in strategic positions to defend them. This early command of the situation stalled off any planned uprising.

This quiet election is only another indication of the speed and efficiency with which the national government has handled situations of this class in the past, and tends to show the strength and stability of the present government.

*Fredrick Sharp*  
From M.A. Argentina Report No. 4858  
- CPT BSM

March 15, 1934.

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In reply  
refer to:  
Serial No. 331.

ROOM 810  
1250 SIXTH AVENUE  
NEW YORK, N. Y.

1-5-41  
OFFICE CHIEF OF STAFF  
MIL. INTEL. DIV.  
2655-2-119  
JAN 9 1941  
WAR DEPARTMENT  
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FDS/wc

January 4, 1941.

Subject: News letter - Buenos Aires, Argentina.

To: The A. C. of S., G-2  
War Department  
Washington, D. C.

Enclosed is a news letter from the Pan American Airways operating in Buenos Aires, Argentina, dated November 29, 1940, with reference to the political-economic conditions in that country.

*Frederick D. Sharp*  
FREDERICK D. SHARP,  
Major, G.S.C.

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Inc.-News letter, Buenos Aires,  
Argentina, P.A.A., Nov. 29, 1940.

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1-1 9 2655-X-119  
DATED ABROAD NOVEMBER 29, 1940

1-1 9 1941  
OFFICE CHIEF OF STAFF  
MIL., INTEL. DIV.  
JAN 9 1941  
WAR DEPARTMENT

BUENOS AIRES

ECONOMIC CONDITIONS:

Business in general is passing through an uneasy period still due primarily to conditions resulting from the European conflict. There is also a considerable feeling of uncertainty as to the measures which may eventually be put into effect under the much discussed "Plan Pinedo", the object of which is to counter-act the local effects of the European crisis by legislation. The plan, which has been submitted to Congress provides, among other emergency measures, for the utilization of unemployed bank savings account balances by the Banco Central to finance long-time loans to industries, the construction of low cost dwelling houses, and the financing of the Government purchases of unexportable grain surpluses.

A stricter control over imports, and the rigorous exclusion of non-essentials is another item of the plan. It is thought that the measures proposed by the Minister of Finance will meet with some opposition in the Congress, and will be the subject of interesting Parliamentary debates before their final sanction.

Speculation is rife concerning the exact purpose of Dr. Prebisch's mission to the United States. Little or nothing has been divulged officially, but it is thought that while a loan may be negotiated, the discussions will in addition cover trade relations between the Argentine and the United States, and that the exchange situation will be gone into thoroughly.

GENERAL COMMENT:

( President Ortiz is said to be recovering satisfactorily but slowly and there is no information yet as to a possible date for his return to active duty. )

( Some of our friends who are still reporting sales in the interior as very slow, suggest that collections during the past two or three weeks have shown considerable improvement. This is probably the result of good grain prospects, together with the fact that the Government has again fixed minimum prices for the new crop and also the hope that the Pinedo plan will make available the necessary funds for moving it. The load would accordingly seem to be taken off the farmer and to be assumed by the Government, which means that conditions in the immediate future should not be too unsatisfactory up country. This in turn should redound to the benefit of our commercial clients here in Buenos Aires. There are various factors bearing on the immediate outlook which will determine the course of business in the coming months. The increasing shortage of bottoms, resulting in all outgoing space being booked up into March is of course a hardship on exports. No prospect of additional ships being routed here is in sight. Imports have been high, but at the rate the Control Board is cutting down on import permits for other than prime necessities these are bound to fall. Gold has been flowing to the United States to take care of the deficit in the balance of payments and will probably continue unless the Prebisch mission is successful in making arrangements for financial aid from the United States that will compensate. The Pinedo Plan involving a certain degree of inflation, is not sure of passage, and while the wisdom of some of its parts is open to question, it is a courageous approach to a situation that will become extremely acute if it is not energetically tackled. The British trade mission, now about to arrive is another factor the aims of which are still to be known. All in all, difficult times are ahead at best but there is some satisfaction in seeing the Government alive to the dangers and making efforts to meet them. )

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1270 SIXTH AVENUE  
NEW YORK, N. Y.

100/oh

March 24, 1941

Subject: News letter - Argentina  
(I.E. #3020)

To: The A.C. of S., C-2  
War Department  
Washington, D.C.

Enclosed is a news letter forwarded by the National City Bank with offices operating in Argentina, covering the political and economic situation in that country.--(1) Dated March 3, 1941 from Buenos Aires, Argentina (2) Dated February 27, 1941 from Rosario, Argentina.

*Fredrick D. Sharp*  
FREDERICK D. SHARP,  
Lieut. Col., U.S.A.

Enc. News letter - Argentina  
1. - Buenos Aires, dated 3/3/41  
2. - Rosario, dated 2/27/41  
Source: National City Bank

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MAR 24 1941  
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MAR 25 1941  
WAR DEPARTMENT

has been identified in many of the large and small, locally owned industrial  
plants. In the latter event, the possibility that the latter would eventually take over,  
the industrial operation of the local part.

It is still anyone's guess as to the outcome of the various possibilities  
and in the meantime there is growing concern in business circles as to the probable  
consequences of the instability of the government. It seems necessary that a definite  
decision regarding the industrial controversy be found without delay as there is  
very serious business to be dealt with and no action is possible while this uncertainty  
exists.

There is again very little to add to the general comments given you with our  
last letter. The political situation continues involved and is an adverse factor  
in the general economic situation of the country. We are hopeful however that a  
solution will be found in the near future to fore any strong feeling of lack of confi-  
dence which is a factor in general business dealings. The one new factor during  
the period of any particular interest was the publication of news commented on  
earlier in this letter and completely covered by separate correspondence. If the  
\$1.22 export exchange is developed in sufficient volume, the importation of merchan-  
dise from the States under the classifications permitted to bid for their licitation  
exchange may be materially benefited. The question that is bothering local branches  
of the United States of American houses and importers of American merchandise is how far these  
limitations may carry the price. Depreciation of 25/40% has been seen in other countries  
on the premium which may be paid under an arrangement of this kind and it is thought  
that the free market may show some effects from this decline in export exchange. The  
two loans arranged by the French Mission in the United States still remain unapproved  
by the Argentine authorities and import permits in general are severely restricted  
to articles of necessity to the Argentine.

Considerable speculation has been aroused over the possibility that the govern-  
ment may take over some of the ships now in harbor belonging to the Axis and invaded  
countries. Should any precedent be set by neighboring countries or the United States,  
some similar action can be expected here, as the shipping shortage continues acute.

MAR 25 1941

WAR DEPARTMENT

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During the past few months, the sugar industry in the Philippines has been fairly low, receiving less of the Government's attention than proportionately. Most of the farmers are selling several years' stock in the general market and in the merchants and the latter are struggling to cover all their obligations. There is being offered by the Government at as low as 1.40 per 100 miles but even this recent low price attracts few buyers because there is little application for the commodity; there is still a shortage for export, and as exports have the demand is falling off. In order apparently not to prejudice the interests of the sugar mills, distilling of alcohol from cane is not being given much Government support. The volume of corn being received in the Philippines is relatively small and having no apparent effect on stocks. There are being expressed that the corn which is still stored in open cribs on the farms is beginning to grow insect and other pests, such as rats, throughout the agricultural districts. While the outlook is admittedly black, so black is not as pessimistic as might be presumed, for the opinion prevails that the situation is entirely due to the war, which is not expected to be interminable; and, moreover, it is thought that all reasonable precautions have been taken.

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NEW YORK, N. Y.

MAR 25 1941  
OFFICE CHIEF OF STAFF  
MIL. INTEL. DIV.  
2655-119  
30  
WAR DEPARTMENT

To: reply  
Refer to:  
Serial #710

TELEPHONE: CIRCLE 6-1484-85

Mc/tn

March 24, 1941

Subject: Political - Economic Conditions, Argentina  
(T.S. #3020)

To: The A. S. of S., 1-2  
War Department  
Washington, D.C.

The following is an excerpt from a report received by the International Telephone and Telegraph Corporation in New York from their offices operating in Argentina, and forwarded to us:

POLITICAL SITUATION:

Elections and Changes in Government

The political impasse described in our previous letter remains unsolved, and nothing has been accomplished during February towards a clarification or improvement of the situation. The return of the President to power is still to the public a matter of conjecture and a manifesto by Dr. Ortiz on February 11th in which he criticized the Castillo Administration, although he remained silent on his intentions, has made the outlook even more uncertain.

The Radical Party continues adamant in its refusal to cooperate until the Radical and Santa Fe elections have been annulled. The new Governor of Buenos Aires in the meantime has assumed office and the Conservatives show no inclination to accede to the demands of their political opponents. At this date no successors to either Dr. Pinedo or Dr. Leen have been appointed to the Ministries of Finance and Foreign Affairs.

International Relations

A local commission has been set up under the presidency of Dr. Paul Prebisch, Central Bank Manager, to carry on the work here of the Interamerican Financial and Economic Consultation Committee, Headquarters in Washington. The purpose is to procure the formation and financing with American and Latin American capital of those companies that can develop industries producing articles for which it is possible to find new markets or wider markets in this Continent.

Cables from the United States to the effect that it will be necessary to purchase South American corned beef for the American Army in large quantities

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have been received in this country with considerable satisfaction.

Spain has agreed to purchase 180,000 bales of Argentine cotton with a value of about 18 million pesos. This takes care of the cotton exportable surplus of the 1935-36 crop.

The Foreign Office has consulted with the British and American Ambassadors regarding the leasing or expropriation of a number of ships now tied up in Argentine ports. It is said that the Government is ready to spend 10 million pesos on chartering boats to carry meat and other products from Patagonia and to ship it abroad.

The Brazil and River Plate Shipping Conference announced a freight increase of from 20 to 25%, effective April 1st, on northbound cargoes. This is due to the fact that the boats are coming south with small cargoes due to the present import restrictions.

The Ministry of the Interior has issued a decree authorizing the Lineas Aereas Transcontinentales Italianas (LATI) to operate a service between Buenos Aires and Rome following the route of the African Coast, Brazil and Uruguay. A minimum of one round trip a week, commencing within six months, has been stipulated and 80% of the personnel in Argentina must be native Argentines or naturalized for a minimum of ten years.

### Restrictions on Money Transfers and International Trade

According to new regulations of the Exchange Control Board and the Central Bank, all foreign exchange obtained through the export of merchandize formerly on the free list, must now be sold in the official market at the rate of 421.32 to the dollar. Formerly exchange derived from export items other than staple lines such as cereals, meat and wool, are considered free and negotiated in the free market. At the same time an "Auction Market" is being established to start functioning on March 7th where importers may bid for exchange to cover the importation of goods for which official exchange permits are not available.

There were no changes in the official exchange rates during the period under review. The buying rate for the peso continued at 335.82 pesos to the dollar and 13.50 to the pound and the selling rates at 373.13 and 15 for preferred and 422.89 and 17 for secondary official exchange. In the free market there were no fluctuations of importance during the month, the closing quotations being 421.50.

### REMARKS ON DOMESTIC SITUATION:

There has been no change in the serious situation which exists in disposing of this country's produce. But there is always the hope that finally an agreement on a much wider and more comprehensive basis will be reached with the United States and that a market will be found there.

The disposal of maize for internal consumption, although it means a tremendous loss to the Government, is considered a sensible measure, as there

The balance forward is obtained by the 1931 tree in railroad receipts for the seven months period ending February 15th as compared with the same period last year.

Frederick Shoggo

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